

The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE

INS 314: RISK MANAGEMENT AND LIFE INSURANCE

DATE: 16TH APRIL 2018

DURATION: 2 HOURS
MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the case study below very carefully and answer the questions that follow

a) **MBOLEA ENTERPRISES**

Mbolea enterprise is a newly established company registered in Nairobi to manufacture agro-pesticides. They have envisaged among others to acquire the following:-

- Ultra-modern manufacturing plant
- Ultra-modern industrial premises
- Delivery trucks
- Employ two hundred staff
- Build up staff residential estate with basic social amenities
- Sink two boreholes to provide water
- Export the by products from the plant to Uganda as raw materials for fertilizer
- Run several distribution outlets
- Hire out or contract retail outlets in the outer towns
- Supplement KP&LC's power with two diesel generators
- Sell all her product brands to the East African market and the COMESA region.

As a risk manager with "Prudent Risk Management Advisory Services" you have been contracted to chart out Risk Management process for the company. Advice. **(10 marks)**

- b) Discuss how evidence is collected by insurers to identify risk in various classes of insurance **(10 marks)**
- c) Briefly explain the meaning of risk. **(5 marks)**

QUESTION TWO

- a) Discuss five factors hindering the speedy growth of insurance in Kenya **(10 marks)**
- b) What forms of organizations are available to insurance companies **(5 marks)**

QUESTION THREE

- a) Discuss the benefits of using an insurance broker in acquiring a cover **(10 marks)**
- b) Explain five disadvantages of using insurance intermediaries **(5 marks)**

QUESTION FOUR

Discuss five various approaches to risk management giving examples in each.

(15 marks)

QUESTION FIVE

- a) In relation to claims, explain the term underwriting giving the roles of an underwriter (6 marks)
- b) Discuss the various types of providing ordinary life assurance policies. (9 marks)

QUESTION SIX

- a) What is the socio-economic role of insurance? Explain why the industry lags behind in developing economies. (10 marks)
- b) Discuss the role of technology in underwriting (5 marks)

